

House File 213

HOUSE FILE _____
BY FORD, HEDDENS, THOMAS,
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ABDUL=SAMAD

Passed House, Date _____ Passed Senate, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act relating to assistance for small businesses, making
2 appropriations, and providing an effective date provision.
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:
4 TLSB 1517YH 82
5 tm/gg/14

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1 1 Section 1. Section 8A.311, subsection 10, unnumbered
1 2 paragraph 1, Code 2007, is amended to read as follows:
1 3 The director shall adopt rules providing that any state
1 4 agency may, upon request, purchase directly from a vendor if
1 5 the direct purchasing is as economical or more economical than
1 6 purchasing through the department, or upon a showing that
1 7 direct purchasing by the state agency would be in the best
1 8 interests of the state due to an immediate or emergency need.
1 9 The rules shall include a provision permitting a state agency
1 10 to purchase directly from a vendor, on the agency's own
1 11 authority, if the purchase will not exceed ~~five~~ ten thousand
1 12 dollars and the purchase will contribute to the agency
1 13 complying with or exceeding the targeted small business
1 14 procurement goals under sections 73.15 through 73.21.
1 15 Sec. 2. NEW SECTION. 11.46 TARGETED SMALL BUSINESS.
1 16 After the conclusion of each fiscal year, the auditor of
1 17 state shall annually conduct a review of targeted small
1 18 business procurement activities conducted pursuant to sections
1 19 73.15 through 73.21. By December 1 of each year, the auditor
1 20 of state shall file a written report with the governor and the
1 21 general assembly which shall include the findings of the
1 22 review. The auditor of state may charge a fee to cover the
1 23 costs of conducting activities under this section.
1 24 Sec. 3. Section 15.102, subsection 4, Code 2007, is
1 25 amended to read as follows:
1 26 4. "Small business" means any enterprise which is located
1 27 in this state, which is operated for profit and under a single
1 28 management, and which has either fewer than twenty employees
1 29 or an annual gross income of less than ~~three~~ four million
1 30 dollars computed as the average of the three preceding fiscal
1 31 years. This definition does not apply to any program or
1 32 activity for which a definition for small business is provided
1 33 for the program or activity by federal law or regulation or
1 34 other state law.
1 35 Sec. 4. Section 15.102, subsection 5, paragraph a,
2 1 subparagraph (3), Code 2007, is amended to read as follows:
2 2 (3) Has an annual gross income of less than ~~three~~ four
2 3 million dollars computed as an average of the three preceding
2 4 fiscal years.
2 5 Sec. 5. Section 15.108, subsection 7, paragraph c, Code
2 6 2007, is amended to read as follows:
2 7 c. Aid for the development and implementation of the Iowa
2 8 targeted small business procurement Act established in
2 9 sections 73.15 through 73.21 and the targeted small business
2 10 financial assistance program established in section 15.247.
2 11 The duties of the director under this paragraph include the
2 12 following:
2 13 (1) (a) By December 1 of each year, the department of
2 14 administrative services shall file a written report with the
2 15 department of economic development regarding the Iowa targeted
2 16 small business procurement Act activities during the previous
2 17 fiscal year. At a minimum, the report shall include a summary

2 18 of all activities undertaken by the department of
2 19 administrative services in an effort to maximize the
2 20 utilization of the targeted small business procurement Act,
2 21 the procurement goals set by each agency, and the performance
2 22 in meeting the set goals by each agency.
2 23 (b) By December 1 of each year, the department of
2 24 inspections and appeals shall file a written report with the
2 25 department of economic development regarding certifications of
2 26 targeted small businesses. At a minimum, the report shall
2 27 include the number of certified targeted small businesses for
2 28 the previous year and the increase or decrease in that number
2 29 during the previous fiscal year compared to the prior fiscal
2 30 year, the number of targeted small businesses that have been
2 31 decertified over the previous fiscal year, and a summary of
2 32 all activities undertaken by the department of inspections and
2 33 appeals regarding targeted small business certification.
2 34 (c) By December 1 of each year, the department of economic
2 35 development shall compile an internal report regarding the
3 1 targeted small business financial assistance program. At a
3 2 minimum, the report shall contain the number of loans, loan
3 3 guarantees, and grants distributed during the previous fiscal
3 4 year, the individual amounts provided to targeted small
3 5 businesses during the previous fiscal year, and how many
3 6 financial assistance awards to targeted small businesses were
3 7 the subject of repayment or collection activity during the
3 8 previous fiscal year.
3 9 (d) By January 15 of each year, the department of economic
3 10 development shall submit to the governor and the general
3 11 assembly a compilation of reports required under this
3 12 subparagraph.
3 13 ~~(1)~~ (2) The director, in conjunction with cooperation
3 14 from the ~~director of the department of management other state~~
3 15 ~~agencies~~, shall publicize the procurement goal program for
3 16 established in sections 73.15 through 73.21 to targeted small
3 17 businesses and to agencies of state government, attempt to
3 18 locate targeted small businesses able to perform contracts,
3 19 and encourage program participation. The director may request
3 20 the cooperation of the department of administrative services,
3 21 the state department of transportation, the state board of
3 22 regents, or any other agency of state government in
3 23 publicizing this program.
3 24 ~~(2)~~ (3) The director, in conjunction with ~~the director of~~
3 25 ~~the department of management other state agencies~~, shall
3 26 publicize the financial assistance program established in
3 27 section 15.247 to targeted small businesses.
3 28 ~~(3)~~ (4) When the director determines, or is notified by
3 29 the head of another agency of state government, that a
3 30 targeted small business is unable to perform a procurement
3 31 contract, the director shall assist the small business in
3 32 attempting to remedy the causes of the inability to perform.
3 33 In assisting the small business, the director may use any
3 34 management or financial assistance programs available through
3 35 state or governmental agencies or private sources.
4 1 ~~(4)~~ (5) The director, in conjunction with the director of
4 2 the department of management and jointly with the universities
4 3 under the jurisdiction of the state board of regents, and the
4 4 community colleges, shall develop and make available in all
4 5 areas of the state, programs to offer and deliver
4 6 concentrated, in-depth advice and services to assist targeted
4 7 small businesses. The department of economic development
4 8 shall establish targeted small business advocate service
4 9 providers for purposes of providing mentoring, outreach, and
4 10 professional development services to targeted small businesses
4 11 certified pursuant to section 10A.104. Targeted small
4 12 business advocate service providers shall be established
4 13 through a request for proposals process. Entities eligible to
4 14 bid under the request for proposals process shall include but
4 15 not be limited to a business accelerator, a small business
4 16 development center, or any organization that provides
4 17 mentoring, outreach, and professional development services to
4 18 businesses. A person serving on or staffing a governor's task
4 19 force on targeted small businesses during calendar year 2006
4 20 shall not be eligible to be part of a bid under the request
4 21 for proposals process until after July 1, 2009. A person
4 22 serving on or staffing a governor's targeted small business
4 23 advisory council shall not be eligible to be part of a bid
4 24 under the request for proposals process until three years
4 25 following the termination of service or staffing the advisory
4 26 council. The advice and services provided by providers shall
4 27 extend to all areas of business management in its practical
4 28 application, including but not limited to accounting,

4 29 engineering, drafting, grant writing, obtaining financing,
4 30 locating bond markets, market analysis, and projections of
4 31 profit and loss.

4 32 Sec. 6. Section 15.247, subsection 2, Code 2007, is
4 33 amended to read as follows:

4 34 2. A "targeted small business financial assistance program
4 35 account" is established within the strategic investment fund
5 1 created in section 15.313, to provide for loans, loan
5 2 guarantees, ~~revolving loans, loans secured by accounts~~

~~5 3 receivable, or grants to targeted small businesses and to~~
~~5 4 low-income persons establishing or expanding small business~~

~~5 5 ventures.~~ A targeted small business ~~or low-income person~~ in
5 6 any year shall receive under this program not more than fifty
5 7 thousand dollars in a loan, grant, or guarantee, or a
5 8 combination of loans, grants, or guarantees. The program
5 9 shall provide guarantees not to exceed ~~seventy-five~~ eighty
5 10 percent for loans of up to seven years made by qualified
5 11 lenders. The department shall establish a financial
5 12 assistance reserve account from funds allocated to the program
5 13 account, from which any default on a guaranteed loan under
5 14 this section shall be paid. In administering the program the
5 15 department shall not guarantee loan values in excess of the
5 16 amount credited to the reserve account and only moneys set
5 17 aside in the loan reserve account may be used for the payment
5 18 of a default. The department shall maintain records of all
5 19 financial assistance approved pursuant to this section and
5 20 information regarding the effectiveness of the financial
5 21 assistance in establishing or expanding small business
5 22 ventures.

5 23 Sec. 7. Section 15.247, Code 2007, is amended by adding
5 24 the following new subsection:

5 25 NEW SUBSECTION. 7. In order to receive financial
5 26 assistance under this section a targeted small business shall
5 27 participate in mentoring services from a targeted small
5 28 business advocate service provider.

5 29 Sec. 8. Section 19B.7, subsection 1, paragraph d, Code
5 30 2007, is amended to read as follows:

5 31 d. Report results under the contract compliance policy to
5 32 the governor and the general assembly on an annual basis. Any
5 33 information reported by the department of administrative
5 34 services to the department of economic development pursuant to
5 35 section 15.108 shall not be required to be part of the report

6 1 under this paragraph. The report shall detail specific
6 2 efforts to promote equal opportunity through state contracts
6 3 and services and efforts to promote, develop, and stimulate
6 4 the utilization of minority, women's, and disadvantaged
6 5 business enterprises in programs receiving or benefiting from
6 6 state financial assistance.

6 7 Sec. 9. Section 73.16, subsection 2, unnumbered paragraph
6 8 1, Code 2007, is amended to read as follows:

6 9 The Prior to the commencement of a fiscal year, the
6 10 director of each agency or department of state government
6 11 having purchasing authority, in cooperation with the targeted
6 12 small business marketing and compliance manager of the
6 13 department of economic development, shall establish for that
6 14 fiscal year a procurement goal from certified targeted small
6 15 businesses identified pursuant to section 10A.104, subsection
6 16 8, of at least ten percent of the value of anticipated
~~6 17 procurements of. The procurement goal shall include of the~~
~~6 18 procurement of all goods and services, including construction,~~
6 19 but not including utility services, each fiscal year. A
6 20 procurement goal shall be stated in terms of a dollar amount
6 21 of certified purchases and shall be established at a level
6 22 that exceeds the procurement levels from certified targeted
6 23 small businesses during the previous fiscal year. The
6 24 director of each department and agency of state government
6 25 shall cooperate with the director of the department of
6 26 inspections and appeals, the director of the department of
6 27 economic development, and the director of the department of
6 28 management and do all acts necessary to carry out the
6 29 provisions of this division.

6 30 Sec. 10. Section 262.34A, subsection 2, Code 2007, is
6 31 amended to read as follows:

6 32 2. Notwithstanding section 73.16, subsection 2, and due to
6 33 the high volume of bids issued by the board and the need to
6 34 coordinate bidding of three institutions of higher learning,
6 35 the board may shall issue electronic bid notices for

7 1 distribution to the targeted small business internet site
7 2 through internet links to each of the regents institutions.

7 3 Sec. 11. TARGETED SMALL BUSINESS ADVOCATE SERVICE
7 4 PROVIDERS.

7 5 1. There is appropriated from the general fund of the
7 6 state to the department of economic development for the fiscal
7 7 year beginning July 1, 2006, and ending June 30, 2007, the
7 8 following amount, or so much thereof as is necessary, to be
7 9 used for the purposes designated:
7 10 For the establishment of targeted small business advocate
7 11 service providers, including salaries, support, maintenance,
7 12 and miscellaneous purposes:
7 13 \$ 900,000
7 14 2. Of the moneys appropriated under this section, not more
7 15 than \$150,000 shall be expended on one targeted small business
7 16 advocate service provider.
7 17 3. Notwithstanding section 8.33, moneys appropriated in
7 18 this section that remain unencumbered or unobligated at the
7 19 close of the fiscal year shall not revert but shall remain
7 20 available for expenditure for the purposes designated until
7 21 the close of the succeeding fiscal year.
7 22 Sec. 12. TARGETED SMALL BUSINESS FINANCIAL ASSISTANCE
7 23 PROGRAM. There is appropriated from the general fund of the
7 24 state to the department of economic development for the fiscal
7 25 year beginning July 1, 2006, and ending June 30, 2007, the
7 26 following amount, or so much thereof as is necessary, to be
7 27 used for the purposes designated:
7 28 For deposit in the targeted small business financial
7 29 assistance program account of the strategic investment fund:
7 30 \$ 2,500,000
7 31 Notwithstanding section 8.33, moneys appropriated in this
7 32 section that remain unencumbered or unobligated at the close
7 33 of the fiscal year shall not revert but shall remain available
7 34 for expenditure for the purposes designated until the close of
7 35 the succeeding fiscal year.
8 1 Sec. 13. MARKETING AND COMPLIANCE MANAGER.
8 2 1. There is appropriated from the general fund of the
8 3 state to the department of economic development for the fiscal
8 4 year beginning July 1, 2006, and ending June 30, 2007, the
8 5 following amount, or so much thereof as is necessary, to be
8 6 used for the purposes designated:
8 7 For purposes of marketing and compliance activities and for
8 8 administrative costs related to the targeted small business
8 9 financial assistance program and the Iowa targeted small
8 10 business procurement Act, including salaries, support,
8 11 maintenance, miscellaneous purposes, and for not more than the
8 12 following full-time equivalent positions:
8 13 \$ 225,000
8 14 FTEs 1.00
8 15 2. From moneys appropriated under this section, the
8 16 department shall create a full-time position for a targeted
8 17 small business marketing and compliance manager. The position
8 18 shall be responsible, at a minimum, for coordinating the
8 19 establishment of the targeted small business advocate service
8 20 providers, providing marketing support for the Iowa targeted
8 21 small business procurement Act and targeted small business
8 22 financial assistance program, providing state agencies with
8 23 Iowa targeted small business procurement Act assistance, and
8 24 providing any related services.
8 25 3. The department may use moneys appropriated under this
8 26 section for purposes of paying fees associated with services
8 27 provided by the auditor of state pursuant to section 11.46.
8 28 4. Notwithstanding section 8.33, moneys appropriated in
8 29 this section that remain unencumbered or unobligated at the
8 30 close of the fiscal year shall not revert but shall remain
8 31 available for expenditure for the purposes designated until
8 32 the close of the succeeding fiscal year.
8 33 Sec. 14. PROCESS IMPROVEMENT == MARKETING ACTIVITIES.
8 34 There is appropriated from the general fund of the state to
8 35 the department of economic development for the fiscal year
9 1 beginning July 1, 2006, and ending June 30, 2007, the
9 2 following amount, or so much thereof as is necessary, to be
9 3 used for the purposes designated:
9 4 For implementing process improvement activities and for
9 5 administrative costs for the targeted small business financial
9 6 assistance program and the Iowa targeted small business
9 7 procurement Act, for developing and conducting a vendor fair
9 8 to increase awareness of the targeted small business financial
9 9 assistance program and the Iowa targeted small business
9 10 procurement Act, and for an awards banquet to recognize the
9 11 accomplishments under the Iowa targeted small business
9 12 procurement Act:
9 13 \$ 225,000
9 14 The department may use moneys appropriated under this
9 15 section for purposes of paying fees associated with services

9 16 provided by the auditor of state pursuant to section 11.46.
9 17 Notwithstanding section 8.33, moneys appropriated in this
9 18 section that remain unencumbered or unobligated at the close
9 19 of the fiscal year shall not revert but shall remain available
9 20 for expenditure for the purposes designated until the close of
9 21 the succeeding fiscal year.

9 22 Sec. 15. CERTIFICATION.

9 23 1. There is appropriated from the general fund of the
9 24 state to the department of inspections and appeals for the
9 25 fiscal year beginning July 1, 2006, and ending June 30, 2007,
9 26 the following amount, or so much thereof as is necessary, to
9 27 be used for the purposes designated:

9 28 For purposes of a dedicated targeted small business
9 29 certification employee, including salaries, support,
9 30 maintenance, miscellaneous purposes, and for not more than the
9 31 following full-time equivalent positions:
9 32 \$ 150,000
9 33 FTEs 1.00

9 34 2. From moneys appropriated under this section, the
9 35 department shall create a full-time position for a targeted
10 1 small business certification employee. The position shall be
10 2 responsible, at a minimum, for processing applications for
10 3 targeted small business applications, conducting on-site
10 4 visits, maintaining a publicly available active directory of
10 5 certified targeted small businesses, organizing and
10 6 participating in educational meetings for certified targeted
10 7 small businesses and potential targeted small businesses,
10 8 coordinating activities with other state agencies to promote
10 9 the Iowa targeted small business procurement Act, and any
10 10 other related responsibilities.

10 11 3. Notwithstanding section 8.33, moneys appropriated in
10 12 this section that remain unencumbered or unobligated at the
10 13 close of the fiscal year shall not revert but shall remain
10 14 available for expenditure for the purposes designated until
10 15 the close of the succeeding fiscal year.

10 16 Sec. 16. EFFECTIVE DATE. This Act, being deemed of
10 17 immediate importance, takes effect upon enactment.

10 18 EXPLANATION

10 19 This bill relates to assistance for small businesses.

10 20 Currently, a state agency may purchase directly from a
10 21 vendor, instead of through the department of administrative
10 22 services, and avoid the competitive bidding process if the
10 23 purchase will not exceed \$5,000 and the purchase will
10 24 contribute to the agency complying with or exceeding the
10 25 targeted small business procurement goals. The bill increases
10 26 the threshold to \$10,000.

10 27 The bill provides that after the conclusion of each fiscal
10 28 year, the auditor of state shall annually conduct a review of
10 29 targeted small business procurement activities. The bill
10 30 requires the auditor of state to file a written report with
10 31 the governor and the general assembly which shall include the
10 32 findings of the review.

10 33 Currently, one of the criteria for a small business under
10 34 Code chapter 15 and for a targeted small business is that the
10 35 business has a gross income of less than \$3 million. The bill
11 1 increases this amount to \$4 million.

11 2 The bill amends the duties of the department of economic
11 3 development regarding the Iowa targeted small business
11 4 procurement Act and the targeted small business financial
11 5 assistance program. The bill requires the department of
11 6 administration services to file an annual report with
11 7 department of economic development regarding the Iowa targeted
11 8 small business procurement Act activities during the
11 9 previously fiscal year. The bill requires the department of
11 10 inspections and appeals to file an annual report with the
11 11 department of economic development regarding certifications of
11 12 targeted small businesses. The bill requires the department
11 13 to file an annual written report with the governor and the
11 14 general assembly regarding the Iowa targeted small business
11 15 procurement Act activities during the previous fiscal year.
11 16 The bill requires state agencies to cooperate with the
11 17 department in publicizing both programs. The bill requires
11 18 the department to establish targeted small business advocate
11 19 service providers for purposes of providing mentoring,
11 20 outreach, and professional development services to certified
11 21 targeted small businesses. The bill requires the providers to
11 22 be established through a request for proposals process.

11 23 Currently, under the targeted small business financial
11 24 assistance program, guarantees are provided which do not
11 25 exceed 75 percent for loans made by qualified lenders. The
11 26 bill increases the percentage to 80 percent and limits such

11 27 loans to seven years or less.
11 28 The bill eliminates the ability of low-income persons from
11 29 receiving assistance under the targeted small business
11 30 financial assistance program.
11 31 The bill provides that a targeted small business that
11 32 receives financial assistance under the targeted small
11 33 business financial assistance program must participate in
11 34 mentoring services from a targeted small business accelerator.
11 35 Currently, under the Iowa targeted small business
12 1 procurement Act, the director of each agency or department of
12 2 state government having purchasing authority must establish a
12 3 procurement goal from certified targeted small businesses, of
12 4 at least 10 percent of the value of anticipated procurements
12 5 of goods and services, including construction, but not
12 6 including utility services, each fiscal year. The bill
12 7 eliminates the 10 percent goal. The bill requires, prior to
12 8 each new fiscal year, each department or agency, in
12 9 cooperation with the department of economic development, to
12 10 establish a procurement goal from certified small businesses.
12 11 The procurement goals must include the procurement of all
12 12 goods and services, including construction, but not including
12 13 utility services. The goals must be stated in terms of dollar
12 14 amount of certified purchases and must be established at a
12 15 level that exceeds previous fiscal year levels.
12 16 The bill provides justification for allowing the state
12 17 board of regents to issue electronic bid notices for
12 18 distribution to the targeted small business internet site
12 19 through internet links to each of the regents institutions.
12 20 The bill appropriates \$900,000 from the general fund of the
12 21 state to the department of economic development for FY
12 22 2006=2007 for the establishment of targeted small business
12 23 advocate service providers. The bill limits the amount that
12 24 may be expended on one targeted small business advocate
12 25 service provider to \$150,000.
12 26 The bill appropriates \$2.5 million from the general fund of
12 27 the state to the department of economic development for FY
12 28 2006=2007 for deposit in the targeted small business financial
12 29 assistance program account of the strategic investment fund.
12 30 The bill appropriates \$225,000 from the general fund of the
12 31 state to the department of economic development for FY
12 32 2006=2007 for purposes of marketing and compliance activities
12 33 and administrative costs related to the targeted small
12 34 business financial assistance program and the Iowa targeted
12 35 small business procurement Act. The bill requires the
13 1 department to create a full-time position for a targeted small
13 2 business marketing and compliance manager.
13 3 The bill appropriates \$225,000 from the general fund of the
13 4 state to the department of economic development for FY
13 5 2006=2007 for implementing process improvement activities and
13 6 for administrative costs for the targeted small business
13 7 financial assistance program and the Iowa targeted small
13 8 business procurement Act, for developing and conducting a
13 9 vendor fair to increase awareness of the targeted small
13 10 business financial assistance program and the Iowa targeted
13 11 small business procurement Act, and for an awards banquet to
13 12 recognize the accomplishments under the Iowa targeted small
13 13 business procurement Act.
13 14 The bill appropriates \$150,000 from the general fund of the
13 15 state to the department of inspections and appeals for FY
13 16 2006=2007 for purposes of a dedicated targeted small business
13 17 certification employee.
13 18 The bill takes effect upon enactment.
13 19 LSB 1517YH 82
13 20 tm:rj/gg/14.1